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May 20, 2009

Southwest Area Transmission Subregional Planning Group CHARTER

I. Purpose

The Southwest Area Transmission (SWAT) subregional planning group is a voluntary study group that has been created to serve the following purpose:

To provide an open and collaborative forum where interested parties are encouraged to participate in the planning, coordination, and implementation of a robust transmission system in Arizona, New Mexico, and parts of Colorado, west Texas, southern Nevada, and the Imperial Valley area of California. The open stakeholder participation envisioned in this process is intended to result in transmission expansion plans that meet a variety of needs and have a broad basis of support.

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II. Goals

The goals of SWAT are to assist its members to:

- Promote efficient use of the transmission system
- Avoid duplication of facilities
- Encourage development of robust transmission systems to support a variety of resources
- Serve customers with reliable electric service at reasonable costs
- Promote access to resources of choice
- Promote energy efficiency and demand side management options
- Provide a forum for discussion of access to renewable resources
- Facilitate development of new transmission projects
- Meet NERC and WECC reliability standards, criteria, policies, and guidelines
- Coordinate with WECC TEPPC and PCC and other subregional planning groups
- Provide a forum for interaction with regulatory bodies as plans are developed

III. Principles

SWAT will operate in accordance with the following principles:

1. **Coordination** – SWAT will coordinate between the entities developing the transmission system, including the regulatory community, and the entities that utilize and benefit from the transmission system. SWAT will make an effort to perform technical study work that is not duplicative of work done by others and will rely as much as possible on the technical studies conducted by project sponsors and work conducted in other forums to supplement the study work performed directly by SWAT.
2. **Openness** – SWAT meetings will be open to all stakeholders and conducted in accordance with critical energy infrastructure information (CEII) regulations, FERC Standards of Conduct, and Transmission Provider Standards of Conduct. The meetings provide an open forum for transmission project sponsors to introduce specific transmission projects to interested stakeholders and potential partners.
3. **Transparency** – SWAT will provide a forum for transmission owners, transmission operators, generators, and developers to clearly disclose the criteria, assumptions, and data that underlie the transmission system plans to Stakeholders.
4. **Information Exchange** – SWAT will provide a forum for the exchange of information among transmission owners, transmission operators, transmission customers,

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generators, developers, market participants, and regulators that utilize and benefit from the transmission system.

5. **Comparability** – SWAT will develop technical transmission studies and alternatives that utilize the same base cases and assumptions to meet the needs of the subregion and region and treat all members comparably.
6. **Dispute Resolution** – SWAT disputes will be resolved through the processes defined in the WECC TEPPC protocols.
7. **Regional Participation** – SWAT will coordinate its subregional efforts with WestConnect and other Western Interconnection subregional planning groups and WECC planning committees (PCC and TEPPC).
8. **Economic Planning Studies** – SWAT neither conducts nor has a role in conducting economic studies.
9. **Cost Allocation** – SWAT will perform transmission planning studies that support the development of joint participation transmission projects. SWAT will not directly address cost allocation but will defer to documented methodologies such as those set forth in a Transmission Provider's Attachment K of its Open Access Transmission Tariff.
10. **Collaboration with Regulators** – SWAT transmission studies will be open so they can be developed in collaboration with regulators to facilitate the implementation of energy policy and information sharing, and to enhance and streamline project permitting, financing, and construction.
11. **Shared Workload** – SWAT has no permanent staff and utilizes its members to complete required study work. Members proposing specific studies will be responsible for the performance, cost, and completion of the work. In general, members will study the geographic areas in which they have an interest. Study results will be shared with all SWAT members. SWAT is supported by WestConnect and the WestConnect Planning Manager as defined by the WestConnect Objectives and Procedures for Regional Planning for the WestConnect Planning Area.

IV. Membership

SWAT is a voluntary organization and membership is open to all parties that have an interest in participating in a stakeholder process for the development of the electric transmission system within the SWAT footprint. The organization exists for the benefit of its members and the value that they derive in achieving the goals of the planning group. To become a member of SWAT, a party must notify the Chair of the Oversight Committee and request to be added to the SWAT membership list. The membership list will be posted on the WestConnect website.

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V. Organization

The SWAT organization consists of an Oversight Committee, a Steering Committee, electrical topographic-based Subcommittees, and footprint-wide Work Groups and Task Forces (collectively known as the “SWAT committee structure”).

Steering Committee - The responsibilities of the SWAT Steering Committee are to manage SWAT, develop Oversight Committee agendas, provide coordination amongst SWAT study groups, and ensure progress in the overall SWAT activities. The Steering Committee will consist of the Oversight Committee Chair and Vice Chair and the Chairs of each of the Subcommittees and Work Groups. The Oversight Committee Chair will Chair the Steering Committee.

Oversight Committee - The responsibilities of the SWAT Oversight Committee are to ensure accuracy and technical adequacy of SWAT study work, consistency among the various studies, proper focus on objectives, and adherence to principles and processes. When the Oversight Committee does not approve an item submitted from a Subcommittee, Work Group, or Task Force, the Oversight Committee is responsible for providing direction to make the work acceptable. The Oversight Committee will also help the Subcommittees and Work Groups resolve issues.

The Oversight Committee will consist of a Transmission Provider Group and an Advisory Group. The Transmission Provider Group will consist of Transmission Providers that provide open access transmission services within the SWAT footprint. Each Transmission Provider will be allotted one vote. The Advisory Group will consist of all other SWAT members that are not members of the Transmission Provider Group.

The SWAT membership will elect a Chair and Vice Chair for the Oversight Committee for 2 year terms. The Chair of the Oversight Committee will appoint the Chair of each Task Force.

Subcommittees - The responsibilities of SWAT Subcommittees are to address a variety of needs and issues defined by the Subcommittee membership for a specific geographic portion of the SWAT footprint. Subcommittees are formed for a multi-year duration to serve a long term purpose. Each Subcommittee will elect a Chair for a two-year term.

Work Groups - The responsibilities of SWAT Work Groups are to address a single or highly focused need identified by the SWAT Oversight Committee and defined by the Work Group membership for the entire SWAT footprint. Work Groups are formed for a multi-year duration to serve a long term purpose. Each Work Group will elect a Chair for a two-year term.

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Task Forces - The responsibilities of SWAT Task Forces are to address a single or highly focused need defined by the Oversight Committee or the Task Force membership, but for either a portion of or the entire SWAT footprint for a one or two year duration to serve a short term purpose. The Chair of the Oversight Committee will appoint the Chair of each Task Force.

Each Subcommittee, Work Group, and Task Force will address needs identified by its membership. Subcommittees and Work Groups can be expected to evolve or change over time to reflect the current interest and focus.

See Exhibit A for SWAT organization chart.

VI. Voting

Each SWAT planning and study effort undertaken within the SWAT committee structure described in Section V above will be self defined by those SWAT members who participate in the process. Study plans and final reports will require approval by the sponsoring Subcommittee, Work Group or Task Force and the Oversight Committee.

Decisions and actions by the Oversight Committee, Steering Committee, Subcommittees, Work Groups, and Task Forces will be reached, to the maximum extent possible, through consensus. To facilitate consensus-building, SWAT members will seek individual inputs, rely on data and expert advice, and encourage minority reporting where differences are not resolved. SWAT's success has been largely based on the use of an open vetting process, with ultimate decisions being reached on the basis of unanimous agreement.

The goal will be to reach consensus on all approval items. If approval by consensus within the SWAT committee structure cannot be achieved, SWAT members attending the committee meeting will conduct a formal vote. SWAT members not attending a meeting in person may vote in advance by submitting their selection by fax or e-mail to the Chair at least one day in advance of the meeting. A motion will pass by simple majority of those voting.

For the Oversight Committee, the Transmission Provider Group and Advisory Group will vote separately. If an Oversight Committee motion fails to obtain a simple majority of both the Transmission Provider Group and the Advisory Group, the vote of the Transmission Provider Group will determine the outcome, with the vote of the Advisory Group recorded in the meeting notes of the Oversight Committee. The Advisory Group will be provided the opportunity to submit an explanation for the difference in opinion from the Transmission Provider Group and this explanation will be added to the meeting notes.

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VII. Planning Functions

SWAT planning functions include:

- Development and implementation of a planning process that results in transmission expansion plans that meet a variety of needs and have a broad basis of support through an open stakeholder process.
- Identification of long-term transmission needs.
- Identification of congestion impacts of potential energy zones, generation facilities, or new transmission facilities.
- Development, through open and collaborative processes, of strategic transmission options and specific alternative plans for expanding or reinforcing the transmission system.
- Review of technical studies performed by a transmission project sponsor.
- Coordination of data, modeling, assumptions, processes, and other planning activities with WECC (PCC and TEPPC), Western Interconnection subregional planning groups, regulatory/governmental entities, and other industry entities involved in transmission planning.
- Coordination with federal and state agencies on transmission corridor planning.
- Provision of a subregional forum to meet WECC Regional Planning requirements.
- Provision of a forum to evaluate impacts of proposed transmission or energy policy changes at state and federal levels.
- Response to requests and directives from regulatory entities.
- Provision of briefings and sponsorship of educational workshops.

VIII. Coordination and Study Process

SWAT will conduct both a Coordination Process and a Study Process.

Coordination Process – The SWAT Coordination Process enables sponsors of transmission projects to coordinate project development through receipt of input from participating technical planning experts who are knowledgeable about the electric system in the Desert Southwest. Transmission project sponsors are encouraged to present results of their independent study efforts to participating SWAT members.

Study Process –The SWAT Study Process will focus on the development of transmission plans with medium- and long-range planning horizons. This work is intended to assist and

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enhance the development of transmission projects, not to impede the efforts of individual transmission providers.

SWAT will provide technical support for implementation by transmission project sponsors of medium- and long-range transmission plans developed within the Study Process.

Implementation of projects by developers may involve phased construction of a variety of short term projects that will ultimately support implementation of a long-term plan. As a result, SWAT long- term plans will be revised periodically to incorporate changes in system assumptions.

The Study Process will generally follow an annual study cycle. A study plan must include:

- Purpose and need
- Objectives
- Assumptions
- Development of base case and other data
- Methodology
- Schedule
- Assignment/allocation of study work

Once the study plan is approved by the Oversight Committee, the study participants will conduct the study work, agree upon findings, share the results with SWAT, and document the work in writing.

In general, SWAT study participants will study geographic areas in which they have an interest. Members seeking specific studies will be responsible for the completion of the work. Studies performed within SWAT will:

- Focus on local and subregional needs
- Consider a variety of alternatives to allow for a wide range of options
- Consider the flexibility of alternatives, including non-transmission alternatives
- Comply with established reliability standards, criteria, policies, and guidelines
- Be summarized in reports to be made available for general review, in compliance with applicable CEII requirements

Transmission plans developed by SWAT will be incorporated into the Annual WestConnect Transmission Plan. SWAT Subcommittees, Work Groups and Task Forces will publish individual reports.

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Study work conducted within the SWAT committee structure is not intended to focus solely on or substitute for the study work required for implementation of a specific transmission project. For example, SWAT study work will not address generation interconnection requests and transmission service requests in a transmission provider's queue. SWAT study work is intended to support the most efficient use of the existing transmission system and facilitate the development of long-term plans that meet the transmission objectives (load serving, resource delivery, etc.) for the subregion.

IX. Meetings

SWAT meetings are open to all parties and may be attended in person or by conference call. The SWAT Oversight Committee and the Subcommittees, Work Groups and Task Forces will meet periodically, generally following an annual study cycle. The SWAT Oversight Committee will generally meet quarterly and will approve an annual meeting plan and post these plans on the WestConnect website. The Steering Committee will hold at least one meeting in between each Oversight Committee meeting. SWAT meeting notices will be posted on the WestConnect website and issued to the SWAT e-mail distribution lists at least 30 days in advance of meetings. Proposed agendas will be provided at least 2 weeks in advance of meetings. Meeting notes will be posted on the WestConnect website.